

Office of the Attorney General



PAUL G. SUMMERS
ATTORNEY GENERAL AND REPORTER

MAILING ADDRESS

P.O. BOX 20207
NASHVILLE TN 37202

ANDY D. BENNETT
CHIEF DEPUTY ATTORNEY GENERAL

LUCY HONEY HAYNES
ASSOCIATE CHIEF DEPUTY
ATTORNEY GENERAL

MICHAEL E. MOORE
SOLICITOR GENERAL

CORDELL HULL AND JOHN SEVIER
STATE OFFICE BUILDINGS

TELEPHONE 615-741-3491
FACSIMILE 615-741-2009

Reply to:
Consumer Advocate and Protection Division
Post Office Box 20207
Nashville, TN 37202

May 14, 2004

Honorable Deborah Taylor Tate
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243

IN RE: Hickory Star Water Company, LLC To Increase It's Rates

Docket No: ~~03-00391~~ *Wrong Docket #*
04-00044

Dear Chairman Tate:

Enclosed is an original and thirteen copies of the Consumer Advocate and Protection Division's First Set Of Discovery Requests To Hickory Star Water Company, LLC. Please file same in this docket. Copies are being sent to all parties of record.

Should you have any questions, please contact me at 615-532-3382. Thank you.

Sincerely,

Shilina B. Chatterjee
Assistant Attorney General

CC: All Parties of Record.

**IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE**

IN RE:

**APPLICATION OF HICKORY STAR
WATER COMPANY, LLC TO INCREASE
ITS RATES**

DOCKET NO. 04-00044

**CONSUMER ADVOCATE & PROTECTION DIVISION'S FIRST SET OF DISCOVERY
REQUESTS TO HICKORY STAR WATER COMPANY, LLC**

Comes now Paul G. Summers, Attorney General and Reporter for the State of Tennessee, through the Consumer Advocate and Protection Division of the Office of the Attorney General ("Consumer Advocate"), pursuant to Tenn. Code Ann. § 65-4-118(c)(2)(A) and the Tennessee Rules of Civil Procedure, and hereby propounds the following Discovery Requests to:

H. LaDon Baltimore, Esq.
Farrar & Bates, L.L.P.
211 Seventh Avenue North, Suite 420
Nashville, Tennessee 37219
Facsimile: (615) 254-9835

These Interrogatories and Requests for Production of Documents are hereby served upon Hickory Star Water Company, LLC ("Hickory Star" or "Company"), pursuant to Rules 26, 33 and 34 of the Tennessee Rules of Civil Procedure and Tenn. Comp. R. & Reg 1220-1-2-.11. The Consumer Advocate requests that full and complete responses be provided pursuant to the Tennessee Rules of Civil Procedure. The responses are to be produced at the Office of the Tennessee Attorney General and Reporter, Consumer Advocate and Protection Division, 425 Fifth Avenue North, Nashville, Tennessee 37243, c/o Shilina B. Chatterjee or Joe Shirley, on or before May 28, 2004.

PRELIMINARY MATTERS AND DEFINITIONS

Each Discovery Request calls for all knowledge, information and material available to Hickory Star, as a party, whether it be Hickory Star's, in particular, or knowledge, information or material possessed or available to Hickory Star's attorney or other representative.

These Discovery Requests are to be considered continuing in nature, and are to be supplemented from time to time as information is received by Hickory Star which would make a prior response inaccurate, incomplete, or incorrect. In addition, the Consumer Advocate requests that Hickory Star supplement responses hereto with respect to any question directly addressed to the identity and location of persons having knowledge of discoverable matters, and the identity of each person expected to be called as an expert at hearing, the subject matter on which the expert is expected to testify, and the substance of the expert's testimony.

These Discovery Requests are to be interpreted broadly to fulfill the benefit of full discovery. To assist Hickory Star in providing full and complete discovery, the Consumer Advocate provides the following definitional guidelines for purposes of responding to these Interrogatories and Requests for Production of Documents.

The term "communication" as used herein, means any transmission of information by oral, graphic, pictorial or otherwise perceptible means, including but not limited to personal conversations, telephone conversations, letters, memoranda, telegrams, electronic mail, newsletters, recorded or handwritten messages, or otherwise.

The term "document" as used herein, means any medium upon which intelligence or information can be recorded or retrieved, such as any written, printed, typed, drawn, filmed, taped, or recorded medium in any manner, however produced or reproduced, including but not

limited to any writing, drawing, graph, chart, form, photograph, tape recording, computer disk or record, or other data compilation in any form without limitation. Produce the original and each copy, regardless of origin or location, of any book, pamphlet, periodical, letter, note, report, memorandum (including memoranda, note or report of a meeting or conversation), spreadsheet, photograph, videotape, audio tape, computer disk, e-mail, or any other written, typed, reported, transcribed, punched, taped, filmed, or graphic matter, however produced or reproduced, which is in your possession, custody or control or which was, but is no longer, in your possession, custody, or control. If any such document or thing was, but no longer is, in your possession or control, state what disposition was made of it and when. If a document exists in different versions, including any dissimilar copies (such as a duplicate with handwritten notes on one copy), each version shall be treated as a different document and each must be identified and produced.

The term “you” and “your” shall mean and include: Hickory Star, LLC, Hickory Star Water Company, LLC and all employees, agents and representatives thereof.

The term “person” or “persons” as used herein refers to any natural person, corporation, firm, company, sole proprietorship, partnership, business, unincorporated association, or other entity of any sort whatsoever. Where a company or organization is the party being served, all responses must include the company’s response. Moreover, the company’s designated person for responding must assure that the company provides complete answers. *A complete answer must provide a response which includes all matters known or reasonably available to the company.*

The term “identity” and “identify” as used herein, with respect to any person, means to provide their name, current business address, current business telephone number, and the

occupation or job title of that person; with respect to an entity, those terms that mean to provide the name by which said entity is commonly known, the current address of its principal place of business, and the nature of business currently conducted by that entity; with respect to any document, those terms that mean to provide the date of the document, the nature of the document, and the title (if any) of the document.

The terms “and” and “or” shall be construed conjunctively or disjunctively as necessary to include any information that might otherwise be construed outside the scope of these requests.

If you produce documents in response to these Interrogatories, produce the original of each document or, in the alternative, identify the location of the original document. If the “original” document is itself a copy, that copy should be produced as the original.

If any objections are raised on the basis of privilege or immunity, include in your response a complete explanation concerning the privilege asserted.

If you contend that you are entitled to refuse to fully answer any of this discovery, state the exact legal basis for each such refusal.

If any of the Interrogatories or Requests for Production of Documents is not answered on the basis of privilege or immunity, include in your response to each such Interrogatory or Request for Production of Documents a written statement evidencing:

- (a) the nature of the communication;
- (b) the date of the communication;
- (c) the identity of the persons present at such communication; and
- (d) a brief description of the communication sufficient to allow the Tennessee Regulatory Authority (“TRA”) to rule on a motion to compel.

If, for any reason, you are unable to answer a Discovery Request fully, submit as much information as is available and explain why your answer is incomplete. If precise information cannot be supplied, submit 1) your best estimate, so identified, and your basis for the estimate and 2) such information available to you as comes closest to providing the information requested. If you have reason to believe that other sources of more complete and accurate information exist, identify those sources.

If any information requested is not furnished as requested, state where and how the information may be obtained or extracted, the person or persons having knowledge of the procedure and the person instructing that the information be excluded.

FIRST DISCOVERY REQUESTS

INTERROGATORIES

Consistent with the preceding definitions and preliminary matters, answer under oath the following specific Interrogatories:

Interrogatory No. 1

Identify each person whom you expect to call as an expert witness at any hearing in this docket, and for each such expert witness:

- (a) identify the field in which the witness is to be offered as an expert;
- (b) provide complete background information, including the expert's current employer as well as his or her educational, professional and employment history, and qualifications within the field in which the witness is expected to testify, and identify all publications written or presentations presented in whole or in part by the witness;
- (c) provide the grounds (including without limitation any factual basis) for the opinions to which the witness is expected to testify, and

provide a summary of the grounds for each such opinion;

- (d) identify any matter in which the expert has testified (through deposition or otherwise) by specifying the name, docket number and forum of each case, the dates of the prior testimony and the subject of the prior testimony, and identify the transcripts of any such testimony;
- (e) identify for each such expert any person whom the expert consulted or otherwise communicated with in connection with his expected testimony;
- (f) identify the terms of the retention or engagement of each expert including but not limited to the terms of any retention or engagement letters or agreements relating to his/her engagement, testimony, and opinions as well as the compensation to be paid for the testimony and opinions;
- (g) identify all documents or things shown to, delivered to, received from, relied upon, or prepared by any expert witness, which are related to the witness(es)' expected testimony in this case, whether or not such documents are supportive of such testimony, including without limitation all documents or things provided to that expert for review in connection with testimony and opinions; and
- (h) identify any exhibits to be used as a summary of or support for the testimony or opinions provided by the expert.

Response:

Interrogatory No. 2

State whether Hickory Star has received any customer complaints of any kind for the period from January 1, 2000 to present, including, but not limited to, complaints regarding billing and payment, billing disputes, quality of water, interruption of service, service connection, and disconnection or termination of service. For each such complaint, state the name and billing address of the complaining customer, the date or approximate time frame the Company received

the complaint, the nature of the complaint, the action the Company has taken to address or resolve the complaint, and the current disposition of the complaint.

Response:

Interrogatory No. 3

Refer to Hickory Star's response to Item No. 44 of TRA Staff's Data Request dated February 13, 2004 (response attached hereto). Provide a complete description of the individual fixed assets that comprise the February 2001 plant addition of \$139,802.59 described as "TRANSFER WATER SYSTEM FR HICKORY STAR, LLC." Include in your description of each individual fixed asset the net asset value at time of transfer in February 2001, the asset's annual depreciation rate, and the asset's net book value as of January 1, 2003.

Response:

Interrogatory No. 4

With regard to the \$139,802.59 transfer of fixed assets from Hickory Star, LLC to Hickory Star Water Company, LLC referred to in Interrogatory No. 3, above, state whether these fixed assets were transferred at their net book value (e.g., cost less accumulated depreciation) at the time of the transfer in February 2001. If these assets were not transferred at their net book value, describe with specificity the methodology used to arrive at the value of the assets transferred.

Response:

Interrogatory No. 5

Refer to Hickory Star's response to Item No. 44 of TRA Staff's Data Request dated February 13, 2004 (response attached hereto). Provide a complete description of the individual fixed assets that comprise the April 2002 plant addition of \$11, 222.95 described as "CONNECT NEW SYSTEM". Include in your description of each individual fixed asset the cost of the asset, the asset's annual depreciation rate, and the asset's net book value as of January 1, 2003.

Response:

Interrogatory No. 6

Refer to Hickory Star's response to Item No. 44 of TRA Staff's Data Request dated February 13, 2004 (response attached hereto). Provide a complete description of the individual fixed assets that comprise the February 2003 plant addition of \$17,078.00 described as "WATER SYSTEM - 2700 FT". Include in your description of each individual fixed asset the cost of the asset and the asset's annual depreciation rate.

Response:

Interrogatory No. 7

Refer to Hickory Star's response to Item No. 2 of TRA Staff's Data Request dated February 13, 2004, wherein the Company stated: "The water lines in the service area are very old and the Division of Water Supply has ordered HSWC to install new water lines. The project is in three phases. Phase 1 has been completed and Phase 2 and 3 will be completed over the next two years. Details on the construction of the water lines are in the rate request." Refer also to

Exhibit II “Water Line Replacement” schedule attached to Hickory Star’s *Petition* (attached hereto). Identify the individual fixed assets that comprise the \$56,095.60 total amount shown on the “Water Line Replacement” schedule, the date placed in service or projected date to be placed in service, the cost of each fixed asset, and the asset’s annual depreciation rate.

Response:

Interrogatory No. 8

Provide the Company’s forecast of the number of new customers that will connect to the water and/or sewer system during 2004 and 2005.

Response:

Interrogatory No. 9

Provide the Company’s forecast of the amount of Contributions in Aid of Construction exclusive of tap fees for new water or sewer connections for 2004 and 2005.

Response:

Interrogatory No. 10

Provide the number of gallons of water used per month according to the master water meter for the entire Hickory Star service area for the period January 1, 2003 through December 31, 2003.

Response:

REQUESTS FOR PRODUCTION OF DOCUMENTS

Consistent with the preceding definitions and preliminary matters, produce the following communications and documents:

Request for Production of Documents No. 1

Produce copies of all documents provided to, reviewed by or produced by any expert or consultant retained by Hickory Star to testify or to provide information from which another expert will testify concerning this case.

Response:

Request for Production of Documents No. 2

Produce a copy of all work papers of Hickory Star's proposed experts, including but not limited to: file notes, chart notes, tests, test results, computations, interview and/or consult notes, and all other file documentation that any of Hickory Star's expert witnesses in any way used, created, generated or consulted in connection with the evaluation, conclusions and opinion in this matter.

Response:

Request for Production of Documents No. 3

Produce a copy of all trade articles, journals, treatises and publications of any kind in any way utilized or relied upon by any of Hickory Star's proposed expert witnesses in evaluating, reaching conclusions or formulating an opinion in this matter.

Response:

Request for Production of Documents No. 4

Produce a copy of all documents which relate or pertain to any factual information provided to, gathered by, utilized or relied upon by any of Hickory Star's proposed expert witnesses in evaluating, reaching conclusions or formulating an opinion in this matter.

Response:

Request for Production of Documents No. 5

Produce a copy of any exhibits to be used as a summary of or support for the testimony or opinions provided by any of Hickory Star's proposed expert witnesses.

Response:

Request for Production of Documents No. 6

With regard to the \$139,802.59 transfer of fixed assets from Hickory Star, LLC to Hickory Star Water Company, LLC referenced in Interrogatory No. 3, produce a copy of the accounting source documents that support the transfer of these fixed assets.

Response:

Request for Production of Documents No. 7

Produce a copy of the Water Servicing Agreement that is currently in effect between Hickory Star and the City of Maynardville.

Response:

Request for Production of Documents No. 8

Produce a copy of the current water tariff from the City of Maynardville that is used to determine the water usage rates that Hickory Star pays to the City of Maynardville for water purchases.

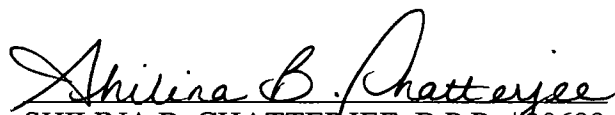
Response:

Request for Production of Documents No. 9

Produce copies of any and all documents referred to or relied upon in responding to the Consumer Advocate's discovery requests.

Response:

RESPECTFULLY SUBMITTED,


SHILINA B. CHATTERJEE, B.P.R. #20689
JOE SHIRLEY, B.P.R. #22287
Assistant Attorneys General
Office of the Attorney General
Consumer Advocate and Protection Division
P.O. Box 20207
Nashville, Tennessee 37202
(615) 532-3382

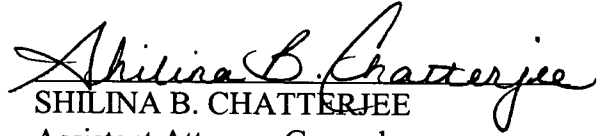
Dated: May 14, 2004

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing was served on May 14, 2004, via facsimile or first-class U.S. Mail, postage prepaid, upon:

H. LaDon Baltimore, Esq.
Farrar & Bates, L.L.P.
211 Seventh Avenue North, Suite 420
Nashville, Tennessee 37219
Facsimile: (615) 254-9835

Mr. William Geary, Jr.
Carlsberg Management Company
6171 West Century Boulevard, Suite 100
Los Angeles, California 90045
Facsimile: (310) 258-9009


SHILINA B. CHATTERJEE
Assistant Attorney General

75136

HICKORY STAR WATER COMPANY, LLC
 FIXED ASSETS
 JANUARY 1, 2001 TO DECEMBER 31, 2003

ACCOUNT #	DESCRIPTION	IN SERVICE DATE	1/1/2001	2/1/2001	4/1/2002	11/1/2002	1/1/2003	2/1/2003	9/1/2003	TOTAL
44 a	NORMAL CONSTRUCTION REQUIREMENTS									
2025-000	LAND IMPRVMENTS	2/28/99	32,815 00							32,815 00
	TRANSFER WATER	11/1/00		139,802 59						139,802 59
	SYSTEM FR HICKORY									
	STAR, LLC									
	CONNECT NEW SYSTEM	12/1/01			11,222 95					11,222 95
	WATER SYSTEM - 2700 FT	8/16/02						17,078 00		17,078 00
	WATER LINE - 260 FT EXT	10/10/02				2,600 00				2,600 00
	RELOCATE WATER TANK	1/15/03				5,000 00	5,000 00	6,243 00		16,243 00
	WATER LINE - LOT 30-31	8/8/03							2,500 00	2,500 00
TOTAL										<u>222,261 54</u>
44 b	SPECIAL CONSTRUCTION REQUIREMENTS									
2025-000	LAND IMPRVMENTS									
	CONTRIBUTIONS IN AID OF CONSTRUCTION									
	CAPITAL CONTRIBUTION	10/6/03	40,000 00							

[illegible]